

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**FISCAL IMPACT STATEMENT**

**LS 6672**

**BILL NUMBER:** SB 340

**NOTE PREPARED:** Dec 26, 2007

**BILL AMENDED:**

**SUBJECT:** Prosecuting Attorney Pensions.

**FIRST AUTHOR:** Sen. Kruse

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** ☒ **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill:

- (1) defines "salary", for purposes of computing a retirement benefit, to include the total salary paid to a participant in the Prosecuting Attorneys' Retirement Fund (Fund) by the state and by a county or counties;
- (2) increases the participant contribution rate from 6% to 8.2% of salary;
- (3) eliminates contributions for a participant with at least 22 years of creditable service;
- (4) reduces from 0.25% to 0.10% per month the reduction factor for a retirement benefit computed for a participant who retires before 65 years of age;
- (5) provides a prorated retirement benefit for partial years of service;
- (6) makes changes to the Fund's disability benefit by:
  - (A) eliminating the minimum service required to receive a disability benefit;
  - (B) redefining "disability"; and
  - (C) increasing the salary percentages used to compute a disability benefit to equal the percentages used by the Judges' Retirement System for the same years of service; and
- (7) increases the minimum annual survivor benefit from \$7,000 to \$12,000.

**Effective Date:** July 1, 2008.

**Explanation of State Expenditures:** The following table shows the impact of this proposal. The increased cost of \$413,000, which totals a 2.2% increase in annual funding as a percent of pay, will be borne by the participant and not the state.

Description	Increase in Unfunded Liability	Increase in Annual Funding	Increase in Annual Funding as % of Pay
(1) Include county supplement of \$5,000 with the state salary for pensions.	\$598,000	\$79,100	0.4%
(3) Eliminate contributions for members after 22 years.	\$0	\$69,800	0.4%
(4) Reduce reduction factors for retirement before age 65.	\$757,400	\$100,700	0.6%
(5) Prorate benefits for partial years.	\$39,200	\$9,600	0.1%
(6) A. Eliminate service requirement of 5 years for disability benefit.	\$(90,100)	\$27,000	0.2%
(6) B. Redefine disability.	\$105,300	\$58,500	0.3%
(6) C. Increase percentages used in computing disability benefits.	\$57,700	\$17,700	0.1%
(7) Increase minimum death benefit from \$7,000 to \$12,000.	\$41,300	\$11,600	0.1%
(2) This represents the total of all items above, which will be paid by an increase in the participant contribution rate from 6% to 8.2%.	\$1,470,000	\$413,000	2.2%

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Public Employees' Retirement Fund as administrators of the Prosecuting Attorneys' Retirement Fund.

**Local Agencies Affected:** Prosecuting Attorneys.

**Information Sources:** Doug Todd of McCready & Keane, Inc., actuaries for PERF and the Prosecuting Attorneys' Retirement Fund, 317-576-1508.

**Fiscal Analyst:** James Sperlik, 317-232-9866.

**DEFINITIONS**

**Funding**– A systematic program under which assets are set aside in amounts and at times approximately coincident with the accruing of benefit rights under a retirement system.

**Unfunded Actuarial Liability** - Sometimes called the unfunded liability of a retirement system, at any time is the excess of its actuarial liability at that time over the value of its cash and investments.